

Tech, the total haul in Federal dollars that year reached \$1.1 billion. Six years later, the whole ITT Tech house of cards collapsed in a cloud of scandal, leaving students and taxpayers holding the bag.

Now a new report by the Project on Predatory Student Lending reveals disturbing facts about ITT Tech—their deception, their high-pressure recruiting tactics, and other forms of fraud and abuse that they used to rack up massive profits. The report is entitled “Dreams Destroyed: How ITT Technical Institute Defrauded a Generation of Students.”

What makes this new report particularly damning is that the details of these abuses came not only from defrauded students but from the company’s own recruiters and top executives. Like the internal company memos that finally shed light on the inner workings of the tobacco industry, the ITT records reveal a company that prioritized profits over everything else.

Two years before ITT Tech’s collapse, the company’s disgraced CEO, Kevin Modany, wrote in an email to his marketing chief:

I do not have anything more important on my agenda . . . [recruitment] is my personal top priority.

Prospective students were lied to and bombarded with high-pressure tactics to get them to enroll and sign up for more and more and more student loans.

One former ITT Tech recruiter compared the working conditions to a “sweatshop,” where all that mattered was hitting a “quota.”

Appallingly, recruiters were instructed to use the “pain funnel,” they called it, which was a set of eight questions designed to reveal all prospective students’ vulnerabilities. By identifying a student’s pain points, such as working at a dead-end job or feeling unappreciated, recruiters were trained to exploit that pain and present ITT Tech as the solution to this poor student’s problems.

ITT Tech then inflated grades and falsified attendance records to keep students enrolled so they could squeeze out more Federal dollars and leave more student debt for the kids. The company routinely, falsely, filed financial aid forms, including stealing students’ passwords and signing financial aid forms without the students’ knowledge or consent. The list goes on and on.

The result: Modany and the ITT shareholders made millions. Taxpayers got ripped off. Students ended up holding the bag with worthless diplomas, if they finished, and with a mountain of student debt whether they finished or not.

What did Modany think about the students he was defrauding?

Look at his words. This is the man who was the executive who was doing this to these students.

He said: “Take off the gloves with the student and slug back. Do not hold back in any way, and anything that we

can put out there to question the legitimacy of his complaint we should most definitely do so. We need to call him out publicly.”

That is the kind of respect they had for these students.

Many of these students, as the majority leader knows, were first-generation college students. Their mothers and fathers were so proud that they were at ITT Tech—that they made it into college. Mom and dad thought they would have to work extra hours, but it would be worth it. It was a fraud from start to finish—a fraud on American taxpayers and a terrible fraud on these students and their families.

Modany was equally contemptuous of public officials who asked questions about ITT Tech’s business practices.

This 2015 email is a racist tirade against an Education Department official, Rohit Chopra, a longtime foe of predatory lenders who is now Director of the Consumer Financial Protection Bureau.

Mr. Modany rails that Mr. Chopra ought to be jailed at Guantanamo and waterboarded.

Now, you might say, “That’s great, but ITT Tech is gone. Why does it matter?”

First: There are still tens of thousands of ITT Tech students who were defrauded. Under the Higher Education Act’s Borrower Defense provision, their loans should be discharged by the Education Department.

The evidence revealed in this report—evidence collected by the Education Department and numerous State attorneys general—clearly shows that fraud was rampant and systemic at ITT Tech.

The Department should do more to provide ITT Tech borrowers with the relief to which they are entitled under the law—without requiring individual applications.

The second reason is stated in the report’s conclusion, which asserts “ITT was able to escape responsibility for its financial insolvency by declaring bankruptcy in September 2016. Its executives simply walked away from the disaster they created.”

Kevin Modany was fined \$200,000. But that is essentially a parking ticket for a man who made \$36 million defrauding students, taxpayers, and investors between 2007 and 2014.

The Federal Government must use its authority to hold for-profit college executives personally accountable. Claw back some of their fat profits to repay students and taxpayers.

And third, the for-profit college industry continues to prey on students using the same tactics as the band of thieves at ITT Tech.

For-profit Ashford University and its former parent company Zovio were just found to have given students false or misleading information about career outcomes . . . cost and financial aid . . . and transfer credits . . . to get them to enroll. Sound familiar?

Ashford was ordered to pay more than \$22.37 million in penalties.

But . . . Zovio recently sold Ashford to the University of Arizona while continuing to operate much of the school.

What actions will the Education Department take to protect students . . . and taxpayer dollars . . . at the now-renamed Arizona Global Campus—formerly Ashford?

I’ve spoken about these matters with both Education Secretary Miguel Cardona and Rich Cordray, head of the Department’s Federal Student Aid office.

I’m glad the Biden administration has committed publicly to improving enforcement at the Department of Education.

There are other ITT Techs out there. For the sake of students and taxpayers, the Education Department under this administration must begin to use its immense enforcement authority to protect them from the swindlers and conmen.

Mr. President, I have been talking about for-profit colleges for a number of years. Luckily, we have a President and a Secretary of Education who are putting watchmen in place, guardians of students in place, who believe that it is more important that kids are treated fairly and honestly than it is for some executive to make millions of dollars off of an abuse of the system.

I yield the floor.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

Mr. SCHUMER. Mr. President, first, I want to thank my friend and colleague, the senior Senator from Illinois, not only for his wonderful remarks here today but for his passion on this issue. He was one of the first to blow the whistle on these colleges.

When you hear about this, it just boils your blood—boils your blood. These kids did nothing wrong. It is one of the reasons we believe student debt should be forgiven. The Federal Government gave them the loans—that was required by law—but they were taken advantage of through no fault of their own.

I wonder if this Mr. Modany has been prosecuted for any of these things. He does not deserve to have, probably, the millions he has on the backs of all of these students.

But I thank the Senator from the bottom of my heart. This boils our blood, what they did to these kids. That is one of the reasons we believe that the White House ought to forgive up to \$50,000 of student debt.

OK. Let’s go to another subject.

CORONAVIRUS

Yesterday, Mr. President, was, truly, a sorry sight here on the Senate floor. Senate Republicans, down to the last Member, blocked critical funding for more vaccines, more testing, more life-saving therapeutics that our country needs to protect against the dangers of future COVID variants.